



American Hospital
Association

RURAL HOSPITAL ALERT

Thursday, August 15, 2013

OIG Report: Most CAHs Would Not Meet the Location Requirements If Required to Re-enroll in Medicare

Report demonstrates lack of understanding of how health care is delivered in rural America

The HHS Office of Inspector General (OIG) issued today a 34-page report (<http://oig.hhs.gov/oei/reports/oei-05-12-00080.pdf>) related to certification of critical access hospitals (CAHs). OIG makes several recommendations to the Centers for Medicare & Medicaid Services (CMS) that it believes will decrease spending for both Medicare and Medicare beneficiaries. **However, these recommendations are inappropriate and, if implemented, could threaten beneficiaries' access to care in rural America.**

For example, the OIG recommended that CMS seek legislative authority to remove necessary provider CAHs' permanent exemption from the distance requirement. This recommendation would impact approximately 75 percent of currently existing CAHs, which provide health care services to Medicare beneficiaries who would otherwise be unable to access hospital services.

When making this recommendation, OIG inappropriately focused on potential savings Medicare could realize if CMS were to periodically reassess these necessary provider CAHs' status, rather than the needs of individuals in rural communities. It misses the point that the necessary provider exemption allowed states to take into account more than arbitrary geographic factors—including, but not limited to, unemployment and poverty rates—when determining how to provide the best access to health care services for its residents. As a result, CAHs have been able to provide essential high-quality medical care to the 19.3 percent of the U.S. population that resides in rural areas. Each year, CAHs treat approximately 7 million patients in their emergency departments and an additional 38 million in their outpatient departments. OIG's recommendation would have drastic ramifications for those that rely on these services.

The role CAHs play in our nation's health care landscape is of paramount importance. **The AHA will continue to strongly advocate to maintain the current CAH program, and also for fixes to payment and administrative limitations that constrain the efficiency and effectiveness of these essential health care providers. We encourage you to continue to reach out to your representative and senators to explain the importance of the CAHs in providing health care to Medicare beneficiaries.**

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